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SENATE BILL 2 of the Second Extraordinary Session
By Henry

AN ACT relative to taxation, and to amend and repeal provisions of
Tennessee Code Annotated, Title 5; Title 6; Title 12; Title
55 and Title 67, accordingly.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 5-8-102, is amended by deleting the
present subsection (c) in its entirety and replacing it with the following:

No resolution authorizing such motor vehicle privilege tax shall take effect unless
it is approved by a majority vote of the county legislative body at at least two (2)
consecutive, regularly scheduled meetings.

SECTION 2. Tennessee Code Annotated, Section 6-5-501, is amended by deleting the
present language in its entirety and replacing with the following:

Each municipality is empowered to levy for municipal purposes, by passage of an
ordinance, a motor vehicle privilege tax as a condition precedent to the operation of a
motor vehicle within the community. The tax may be levied on any motor vehicle taxable
by the state. Such tax shall be subject to the same requirements as a county motor
vehicle tax levied under the provisions of § 5-8-102.

SECTION 3. Tennessee Code Annotated, Section 67-5-101, is amended by designating
the existing language as subsection (a) and adding the following new subsection:

(b) The levy of *ad valorem* taxes for state purposes shall be fixed by the general
assembly in the appropriation bill. The rate shall be applicable to the assessed values of
the property as otherwise determined for county and city levies except the rate shall be

adjusted in each county to reflect the level of assessments indicated by appraisal ratios established for each county by the state board of equalization.

SECTION 4. Tennessee Code Annotated, Section 67-5-1702, is amended by designating the existing language as subsection (a) and adding the following new subsection:

(b) Notwithstanding the provisions of this part, the levy for state taxes shall be as fixed by the general assembly except the rate shall be equalized for each county each year by dividing the rate otherwise applicable to assessments in the county by the appraisal ratio adopted for the county by the state board of equalization.

SECTION 5. Tennessee Code Annotated, Section 67-5-1801, is amended by substituting the words “state and county” for the word “county” in subsection (a).

SECTION 6. Tennessee Code Annotated, Section 67-6-702, is amended by deleting the words, numbers and symbols “two and three-fourths percent (2¾%)” in subdivision (a)(1) and substituting instead the words, numbers and symbols “three percent (3%)” and by adding the following language at the end of subdivision (a)(1):

No tax shall be collected until the first day of a month occurring at least thirty (30) days after the date the ordinance or resolution becomes effective.

SECTION 7. Tennessee Code Annotated, Section 67-6-703, is amended by deleting all of the language following the first sentence of subsection (b) and substituting instead the following language:

If during this forty-day period, the county legislative body adopts a resolution to levy the tax at a rate at least equal to the rate provided in such ordinance, the ordinance shall be null and void, but if the county tax is not adopted, the ordinance shall become effective at the end of the forty-day period. After initial adoption of the tax by a county or a city or town therein, the tax rate may be increased by a city, town or county under the same procedure as provided for in this part for the initial adoption of the tax. If the tax is not levied by the county following the levying of a tax by a city or town, such action shall

not preclude subsequent action by the county to adopt the tax at a rate at least equal to the city or town tax rate, in which event the city or town tax shall cease to be effective; provided, that the city or town shall receive from the county tax the same amounts as would have been received from the city or town tax until the end of the current fiscal year of the city or town.

SECTION 8. Tennessee Code Annotated, Section 67-6-705, is repealed.

SECTION 9. Tennessee Code Annotated, Section 67-6-706, is amended by deleting subsections (a) and (b) and removing the subsection designation of the remaining subsection (c).

SECTION 10. Tennessee Code Annotated, Section 67-6-707, is repealed.

SECTION 11. Tennessee Code Annotated, Section 67-6-709, is amended by deleting the language “provided, that any election for the repeal of a county tax shall be open to the voters of the entire county.”

SECTION 12. Tennessee Code Annotated, Title 67, Chapter 6, Part 3, is amended by adding the following new section:

(a) Notwithstanding any provision of law to the contrary, there shall be exempt from the tax levied by this chapter any tangible personal property that becomes a component part of, or is used in the operation of, a spallation neutron source facility owned by the United States government or instrumentality thereof.

(b) The exemption provided for by this section shall terminate on September 30, 2009.

SECTION 13. Tennessee Code Annotated, Title 12, Chapter 4, Part 1, is amended by adding the following new section:

(a) The state or other state entities shall not contract to acquire goods or services, and no person may contract to supply goods or services to the state or other state entities, unless, prior to entering into the contract, the person contracting to supply

goods or services and its affiliates have registered with the Department of Revenue to collect and remit the sales and use tax levied by Title 67, Chapter 6. This provision is specifically applicable to foreign persons, notwithstanding the fact that such foreign persons or their affiliates may not otherwise be legally obligated to collect and remit such tax.

(b) For purposes of this section:

(1) "Person(s)" has the same meaning as in § 67-6-102(21).

(2) "Other state entities" has the same meaning as in § 12-4-601.

(3) "Affiliates" means each and every affiliate of the person contracting with the state or other state entities, as the term "affiliate" is defined in § 48-103-102(1).

(c) The commissioner of revenue and the commissioner of finance and administration shall devise procedures to ensure compliance with the provisions of this section.

SECTION 14. Tennessee Code Annotated, Section 67-1-1707, is amended by adding the following new subsection:

() The commissioner may provide tax information to an official of any state agency or other state entity, for the purpose of insuring compliance with the provisions of Title 12, Chapter 4, Part 1, requiring that persons contracting with the state or other state entities register themselves and their affiliates to collect and remit taxes. No agency or employee thereof who receives tax information under this subsection shall disclose such information to any person other than the person to whom it relates, except as otherwise may be authorized by law.

SECTION 15. This act shall take effect January 1, 2000, the public welfare requiring it.